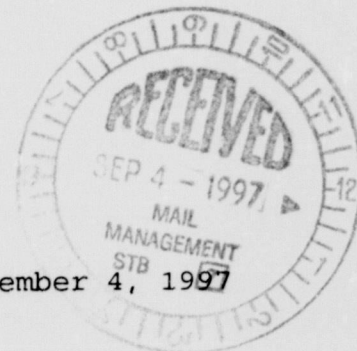


STB FD-32760 (SUB 23) ID-181908 9-11-97 I

LAW OFFICES
FRITZ R. KAHN, P.C.
SUITE 750 WEST
1100 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-3934
(202) 371-8037
FAX (202) 371-0900

181908
0101372007
ORIGINAL



September 4, 1997

VIA HAND DELIVERY AND FAX 565-9003

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

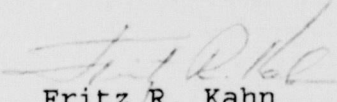
Enclosed for filing in Finance Docket No. 32760, Union Pacific Corp., et al.--Control and Merger--Southern Pacific Rail Corporation, et al., are the original and ten copies of the Petition to Reopen of Benjamin Zatz and Donald Zatz.

Extra copies of the Petition and of this letter are enclosed for you to stamp to acknowledge your receipt of them and to return to me in the enclosed self-addressed, stamped envelope.

By copy of this letter, service is being effected upon counsel for Applicants.

If you have any question concerning this filing or if I otherwise can be of assistance, please let me know.

Sincerely yours,


Fritz R. Kahn

enc.

cc: Hon. David M. Konschnik 565-9002
Arvid E. Roach II, Esq. 778-5388



FEE RECEIVED

SEP 10 1997

SURFACE
TRANSPORTATION BOARD

FILED

SEP 11 1997

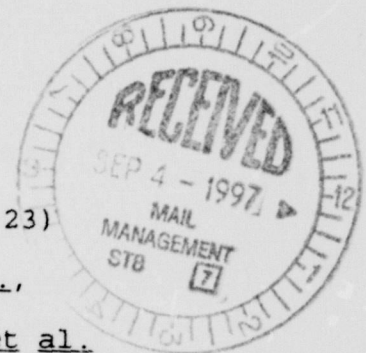
SURFACE
TRANSPORTATION BOARD

181908

ENTERED	
Office of the Secretary	
SEP 12 1997	
5	Part of Public Record

ORIGINAL

BEFORE THE
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423



FEE RECEIVED

Finance Docket No. 32760 (Sub-No. 23)

SEP 10 1997

UNION PACIFIC CORPORATION, et al.,
--CONTROL AND MERGER--
SOUTHERN PACIFIC RAIL CORPORATION, et al.

SURFACE
TRANSPORTATION BOARD

FILED

EXPEDITED CONSIDERATION REQUESTED

SEP 11 1997

SURFACE
TRANSPORTATION BOARD

PETITION TO REOPEN
OF BENJAMIN ZATZ AND DONALD ZATZ

Benjamin Zatz and Donald Zatz, pursuant to 49 C.F.R. 1115.3, appeal from the decision of the Board, served August 20, 1997, and seek reconsideration of the Board's denial of their request that they be afforded adequate time to respond to the Applicants' July 14, 1997, Petition, for the reason that the Board's action involved material error, as follows:

A.

Deprivation of due process

By their Petition, filed August 15, 1997, the Messrs. Zatz sought 60 days' additional time, from August 28, 1997, until October 28, 1997, to file their Comments in response to the Applicants' Petition for Determination that Securities Terms Are Just and Reasonable, filed July 14, 1997.

Messrs. Zatz explained that they then were endeavoring to locate and retain a financial analyst who would be able to sponsor testimony responsive to the Verified Statement of Stephan C. Month, attached to Applicants' Petition. Obviously, once engaged, the consultant would require sufficient time to review Mr. Month's work papers -- not produced by the Applicants until August 27, 1997, two days before the Labor Day week end -- and to prepare his own evidence and exhibits. The Board's decision rendered that impossible; by extending the Comment due date only ten days, until September 8, 1997, the Board effectively denied the Messrs. Zatz the opportunity to offer their own view as to the fair value of their shares of Cotton Belt common stock.

The right to be heard is at the very heart of the due process that an administrative agency's practices and procedures are intended to provide. As the Supreme Court observed in Mathews v. Eldridge, 424 U.S. 319. 333 (1976). "The fundamental requirement of due process is the opportunity to be heard 'at a meaningful time and in a meaningful manner.' Armstrong v. Manzo, 380 U.S. 545, 552 (1965)." The Board's action does violence to that Constitutional guarantee.

B.

Applicants' impropriety

The Applicants opposed the Messrs. Zatz's extension request on the ground, among others -- and the Board evidently agreed -- that, having been served with the Petition some time after July 14, 1997, the Messrs. Zatz had ample time -- approximately six weeks -- to

prepare their Comments as to the fair value of their shares of Cotton Belt common stock.

Messrs. Zatz, however, well might have been given notice by the Applicants that they would need to make a determination of the fair value of their shares Cotton Belt common stock three months earlier. The letter from Mr. Stephen C. Months, dated April 14, 1997, attached to Applicants' July 14, 1997, Petition, specifically recited that he was asked by the Applicants to come up with an estimated value of Cotton Belt common stock.

If Applicants at the same time had advised the Messrs. Zatz that they would be seeking a fair value determination from the Board, their claim that the Messrs. Zatz had been afforded ample time to prepare their Comments might have a ring of plausibility. By withholding that information from the Messrs Zatz -- as well as the data on which Mr. Month relied in making his calculation -- the Applicants have no cause to complain about the brief extension that the Messrs Zatz seek.

C.

No impediment to merger

The principal reason advanced by the Applicants for opposing the Messrs. Zatz' extension request -- obviously accepted by the Board -- is that the valuation of their shares of Cotton Belt common stock was necessary before the merger of the Cotton Belt into the Union Pacific Corporation or one of its affiliates could be effected and that to postpone the merger beyond the target date

of September 30, 1997, would oblige the Applicants "to undertake the expensive and resource-intensive task of preparing financial statements that reflect the operations of [the Cotton Belt] as a separate company."

Applicants at not time have quantified just how much time and effort would be entailed in preparing the third-quarter financial statements for the Cotton Belt; nor have they explained just why it is that, if preparing separate financial returns for the Cotton Belt is as onerous as they now assert, they heretofore have not effected the merger of the Cotton Belt some time during the thirty years that they have held more than 85 percent of the shares of the Cotton Belt.

More importantly, however, the Applicants dissemble when they represent that the valuation of the Messrs. Zatz' stock is a prerequisite to the merger of the Cotton Belt into the Union Pacific Corporation or one of its affiliates. The Board by its decision, served August 12, 1966, Decision No. 44, approved Applicants' merger application; no further authorization from this Board is required.

Furthermore, the Cotton Belt is a Missouri corporation, and under Missouri law, section 351.447 of the Revised Statutes of the State of Missouri (1996), the merger can be effected, subject to the minority shareholders' right to a post-merger determination of the value of their shares.

Thus the very premise for the Applicants' objection to the Messrs. Zatz' extension requests -- as this Board's decision -- is

unfounded and meritless.

D.

Consultant's waybill access

Faithful to the commitment they made in their Petition of April 15, 1997, the Messrs. Zatz have retained an economic consultant, Mr. John J. Grocki, Executive Vice President of GRA, Incorporated. Mr. Grocki is eminently well qualified to undertake the valuation assignment he was given by the Messrs. Zatz, most recently having participated in the substantive phase of this proceeding as an expert witness for The Kansas City Southern Railway Company, in opposition to the valuation testimony of Mr. Stephan C. Month.

Attached are copies of letters from Mr. Grocki. The one is addressed to Mr. Leland L. Gardner, dated September 3, 1997, requesting access to the Carload Waybill Statistics data base for purposes of this proceeding. The other one is addressed to counsel, dated the same date, and explains why it is that Mr. Grocki deems it critical that he have the waybill data to permit him to make the valuation of the Messrs. Zatz' shares of Cotton Belt common stock and estimates that he will require one month beyond the time he receives the waybill data before his submission to the Board will be ready.

Mr. Grocki's needs are yet a further reason why the Messrs. Zatz' extension request should be granted.

E.

Incomplete discovery

Messrs. Zatz, on August 19, 1997, served their First Set of Interrogatories to Applicants. As of this writing, no response has been received, and a Motion to Compel will need to be filed.

For the Board to command the filing of Comments in the interim would make a mockery of the agency's discovery process, and this is a further reason why the Messrs. Zatz extension request should be granted.

G.

Consideration for the Messrs. Zatz

From a reading the Applicants' opposition the to extension request of the Messrs. Zatz one would get the impression that they are avaricious arbitrageurs who acquired their shares of Cotton Belt Stock for the purpose of holding up the Applicants. Nothing could be further from the truth.

Mr. Donald Zatz is a 60 year old retired high school teacher, who now devotes almost all of his time and attention to the care of his 95 year old father, Mr. Benjamin Zatz. The few shares of Cotton Belt common stock which the two of them hold were acquired by them decades ago; they even have forgotten the exact date.

Messrs. Zatz have no illusions about becoming rich as a result of this proceeding; they simply want to be assured that their interests as minority shareholders of the Cotton Belt are protected, as Schwabacher v. United States, 344 U.S. 182, 201 (1948), obliges this Board to safeguard.

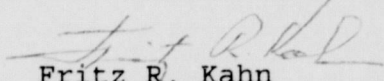
WHEREFORE, Mr. Benjamin Zatz and Mr. Donald Zatz ask that the decision of the Board, served August 20, 1997, be reversed and that their Petition for Extension, filed August 18, 1997, be granted and that they be allowed until October 28, 1997, to file their Comments.

Respectfully submitted,

BENJAMIN ZATZ
DONALD ZATZ

By their attorneys,

Douglas A. Kellner
Kellner, Chehebar & Deveney
One Madison Avenue
New York, NY 10010
Tel.: (212) 889-2121



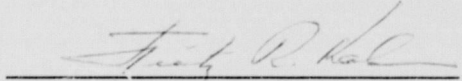
Fritz R. Kahn
Fritz R. Kahn, P.C.
Suite 750 West
1100 New York Avenue, NW
Washington, DC 20005-3934
Tel.: (202) 371-8037

Dated: September 4, 1997

CERTIFICATE OF SERVICE

Copies of the foregoing Petition this day were served by me by facsimile transmitting and mailing copies thereof, with first-class postage prepaid, to counsel for the Applicants.

Dated at Washington, DC, this 4th day of September 1997.



Fritz R. Kahn

**GRA, Incorporated**

Economic Counsel to the Transportation Industry

September 3, 1997

Mr. Leland L. Gardner
Director
Office of Economics, Environmental Analysis
and Administration
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Dear Mr. Gardner:

GRA has been retained by Benjamin and Donald Zatz (minority shareholders of the St. Louis Southwestern Railroad) to review FD 32760 (Sub No. 23) Union Pacific Corp. et al.—Control and Merger—Southern Pacific Corp. et al. In order to determine the value of the St. Louis Southwestern (Cotton Belt) Railroad in which our client has a minority interest, GRA needs access to the complete Carload Waybill Statistics database for 1995 and 1996 if available. GRA needs all fields and all records in the database since GRA will examine both existing and potential alternate routings shown to be available in the database. For example, some existing Union Pacific moves via the overland route through Omaha may be rerouted to the former SP Golden State route via El Paso and Kansas City.

GRA encloses a check for the required fee of \$150. If you agree to GRA using the data, we would appreciate your sending a letter to ALK Associates as soon as possible so that we may acquire the data from them.

Sincerely,

Joseph E. Phillips
Programmer

JEP:cj
Enclosure
cc: Fritz Kahn

jep\lg903datareq1718

**GRA, Incorporated**

Economic Counsel to the Transportation Industry

**PRIVILEGED AND CONFIDENTIAL
ATTORNEY-CLIENT WORK PRODUCT**

September 3, 1997
Via Facsimile (202) 371-0900

Fritz R. Kahn, P.C.
Suite 750 West
1100 New York Avenue, N.W.
Washington, D.C. 20005-3934

RE: Finance Docket 32760 (Sub-No. 23) Union Pacific Corp., et al.--Control and
Merger--Southern Pacific Rail Corp., et al.

Dear Mr. Kahn:

As we discussed yesterday, GRA had reviewed its work papers from the UP-SP merger and concluded that the optimum way to pursue a valuation study of the Cotton Belt would be to conduct a study of the potential traffic diversions which Norfolk Southern or CSX Transportation could make (after their Conrail merger) through ownership of the Cotton Belt.

In order to complete such a study we first need the Carload Waybill Statistics for the appropriate year. We then need to review this database and conduct the traffic diversion studies which would be the basis for our valuation. We have already requested the Carload Waybill Statistics from the STB (copy of request attached). Unfortunately, the September 8th deadline which the STB has set for your filing would not allow sufficient time for us to undertake this traffic diversion study. Accordingly, we request that you ask for a postponement. We estimate it would take approximately one month beyond obtaining the Carload Waybill Statistics before our submission to the STB would be ready.

We appreciate your help in this matter. If you have any other questions please do not hesitate to contact me.

Very truly yours,

John J. Grocki
Executive Vice President

JJG:cj

JG\fk9031718let

Home Office: One Jenkintown Station • 115 West Avenue • Jenkintown, PA 19046 • (215) 884-7500 • Fax: (215) 884-1385
Washington Office: 1750 K Street, N.W. • Suite 819 • Washington, DC 20006 • (202) 296-5200 • Fax: (202) 296-5205

STB FD-32760 (SUB 23) ID-181766 9-9-97 I

181766

ORIGINAL

LAW OFFICES

FRITZ R. KAHN, P.C.

SUITE 750 WEST

1100 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-3934

(202) 371-8037

FAX (202) 371-0900

I

Office of the Secretary

SEP 09 1997

Part of
Public Record

September 5, 1997

VIA MAIL AND FAX 565-9003

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

This refers to Finance Docket No. 32760 (Sub-No. 23), Union Pacific Corp. et al.--Control and Merger--Southern Pacific Rail Corp., et al., and the Petition to Reopen of Benjamin Zatz and Donald Zatz, filed September 4, 1997.

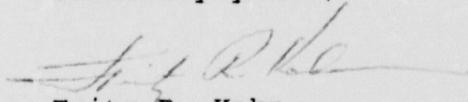
I wish to acknowledge that, after the Petition was filed and served, I did receive by mail Applicants' Responses to the First Set of Interrogatories of Benjamin Zatz and Donald Zatz. I have not yet determined whether the responses will require the filing of a Motion to Compel, but, if necessary, one will be filed on or before September 15, 1997.

Moreover, on rereading the Petition, I note that it contains several typographical errors. The possessive of the Messrs. Zatz do not always include the "s", on page 5, on the fifth line from the bottom, the word "moth" should be "month", and the heading in the middle of page 6 should bear the letter "F" rather than "G". I apologize for these errors and any confusion they may have occasioned.

Ten copies of this letter are enclosed.

By copy of this letter service is being effected upon counsel for the Applicants.

Sincerely yours,


Fritz R. Kahn

enc.

cc: Arvid E. Roach II, Esq. 778-5388

STB FD-32760 (SUB 23) ID-181731 9-5-97 I

181731

LAW OFFICES

FRITZ R. KAHN, P.C.

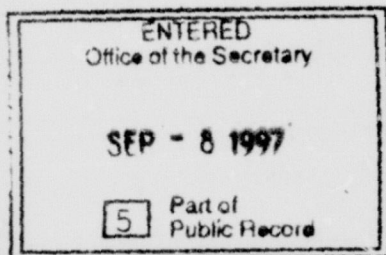
SUITE 750 WEST

1100 NEW YORK AVENUE, N.W.

WASHINGTON, D.C. 20003-3034

(202) 371-8037

FAX (202) 371-0900



September 5, 1997

VIA MAIL AND FAX 565-9003

Hon. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

This refers to Finance Docket No. 32760 (Sub-No. 23), Union Pacific Corp. et al. -- Control and Merger -- Southern Pacific Rail Corp., et al., and the Petition to Reopen of Benjamin Zatz and Donald Zatz, filed September 4, 1997.

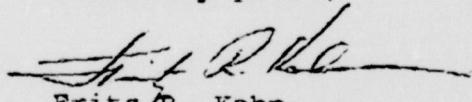
I wish to acknowledge that, after the Petition was filed and served, I did receive by mail Applicants' Responses to the First Set of Interrogatories of Benjamin Zatz and Donald Zatz. I have not yet determined whether the responses will require the filing of a Motion to Compel, but, if necessary, one will be filed on or before September 15, 1997.

Moreover, on rereading the Petition, I note that it contains several typographical errors. The possessive of the Messrs. Zatz do not always include the "s", on page 5, on the fifth line from the bottom, the word "moth" should be "month", and the heading in the middle of page 6 should bear the letter "F" rather than "G". I apologize for these errors and any confusion they may have occasioned.

Ten copies of this letter are enclosed.

By copy of this letter service is being effected upon counsel for the Applicants.

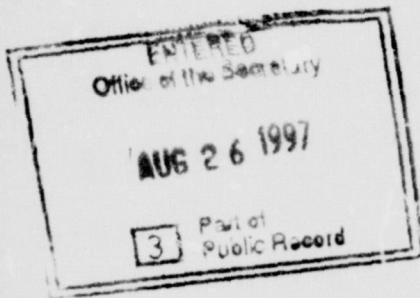
Sincerely yours,


Fritz R. Kahn

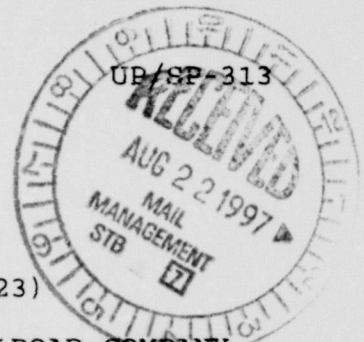
enc.

cc: Arvid E. Roach II, Esq. 778-5388

STB FD-32760 (SUB 23) ID-181441 8-22-97 I



BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. 32760 (Sub-No. 23)

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY
AND MISSOURI PACIFIC RAILROAD COMPANY

-- CONTROL AND MERGER --

SOUTHERN PACIFIC RAIL CORPORATION, SOUTHERN PACIFIC
TRANSPORTATION COMPANY, ST. LOUIS SOUTHWESTERN RAILWAY
COMPANY, SPCSL CORP. AND THE DENVER AND
RIO GRANDE WESTERN RAILROAD COMPANY

I

APPLICANTS' FIRST REQUEST TO BENJAMIN ZATZ AND DONALD ZATZ
FOR PRODUCTION OF DOCUMENTS

Pursuant to 49 C.F.R. § 1114.30, Applicants direct
the following document request to Benjamin Zatz and Donald
Zatz (the "Zatzes").

Responses should be served as soon as possible, and
in no event later than September 8, 1997. The Zatzes are
requested to contact the undersigned promptly to discuss any
objections or questions regarding this request with a view to
resolving any disputes or issues of interpretation informally
and expeditiously.

DEFINITIONS AND INSTRUCTIONS

I. "Applicants" means UPC, UPRR, SPR, SPT and SSW.

II. "Document" means any writing or other
compilation of information, whether printed, typed,
handwritten, recorded, or produced or reproduced by any other
process, including but not limited to intra-company
communications, correspondence, telegrams, memoranda,

contracts, instruments, studies, projections, forecasts, summaries or records of conversations or interviews, minutes or records of conferences or meetings, records or reports of negotiations, diaries, calendars, photographs, maps, tape recordings, computer tapes, computer disks, other computer storage devices, computer programs, computer printouts, models, statistical statements, graphs, charts, diagrams, plans, drawings, brochures, pamphlets, advertisements, circulars, trade letters, press releases, invoices, receipts, financial statements, accounting records, worksheets, drafts, revisions of drafts, and original or preliminary notes.

Further, the term "document" includes

- (a) both basic records and summaries of such records (including computer runs);
- (b) both original versions and copies that differ in any respect from original versions; and
- (c) both documents in the possession, custody or control of the Zatzes and documents in the possession, custody or control of consultants or others who have assisted Zatzes in connection with this proceeding.

III. "Produce" means to make legible, complete and exact copies of responsive documents and send them by expedited delivery to the undersigned counsel. The originals of responsive documents should be retained in the files of the

Zatzes, their counsel, or the consultants or others who have assisted the Zatzes in connection with this proceeding and have documents in their possession, and made available if requested. Applicants will pay all reasonable costs for duplication and expedited delivery of documents to their attorneys.

IV. "Relating to" a subject means referring to, discussing, describing, dealing with, consisting of, or constituting, in whole or in part, the subject.

V. "This proceeding" means Finance Docket No. 32760 and all subdockets and related dockets.

VI. Discovery responses should be supplemented when a supplemental response is required pursuant to 49 C.F.R. § 1114.29.

VII. All uses of the conjunctive include the disjunctive and vice versa. Words in the singular include the plural and vice versa.

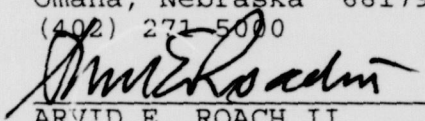
DOCUMENT REQUEST

Produce no later than September 8, 1997, all documents, including but not limited to the workpapers of any financial consultant or analyst retained by the Zatzes, relating to any submission that the Zatzes make on or about September 8 in this proceeding.

Respectfully submitted,

CARL W. VON BERNUTH
RICHARD J. RESSLER
Union Pacific Corporation
Martin Tower
Eighth and Eaton Avenues
Bethlehem, Pennsylvania 18018
(610) 861-3290

JAMES V. DOLAN
PAUL A. CONLEY, JR.
LOUISE A. RINN
Law Department
Union Pacific Railroad Company
Southern Pacific Transportation
Company
1416 Dodge Street
Omaha, Nebraska 68179
(402) 271-5000

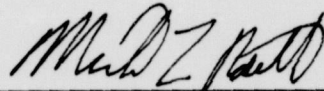

ARVID E. ROACH II
J. MICHAEL HEMMER
MICHAEL L. ROSENTHAL
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044-7566
(202) 662-5388

Attorneys for Union Pacific
Corporation, Union Pacific
Railroad Company, Southern
Pacific Rail Corporation,
Southern Pacific Transportation
Company and St. Louis
Southwestern Railway Company

August 22, 1997

CERTIFICATE OF SERVICE

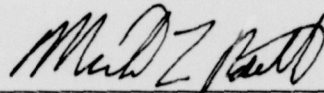
I, Michael L. Rosenthal, certify that, on this 22nd day of August, 1997, I caused a copy of the foregoing document to be served by hand on Fritz R. Kahn, Esq., Suite 750 West, 1100 New York Avenue, N.W., Washington, D.C. 20005, and by first-class mail, postage prepaid, upon Douglas A. Kellner, Esq., Kellner, Chehebar & Deveney, One Madison Avenue, New York, N.Y. 10010.

A handwritten signature in dark ink, appearing to read "Michael L. Rosenthal", written over a horizontal line.

Michael L. Rosenthal

CERTIFICATE OF SERVICE

I, Michael L. Rosenthal, certify that, on this 22nd day of August, 1997, I caused a copy of the foregoing document to be served by hand on Fritz R. Kahn, Esq., Suite 750 West, 1100 New York Avenue, N.W., Washington, D.C. 20005, and by first-class mail, postage prepaid, upon Douglas A. Kellner, Esq., Kellner, Chehebar & Deveney, One Madison Avenue, New York, N.Y. 10010.

A handwritten signature in dark ink, appearing to read "Michael L. Rosenthal", written over a horizontal line.

Michael L. Rosenthal